# Arizona School Facilities Board Three-Year Building Renewal Plan Instructions

Fiscal Years 2007 - 2009

John Arnold Interim Director





# STATE OF ARIZONA SCHOOL FACILITIES BOARD

Governor of Arizona Janet Napolitano Interim Director John Arnold

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The State of Arizona has invested over \$1.3 billion dollars in deficiency correction projects over the last eight years. In order to protect and preserve the valuable public investment in Arizona's schools and continue to ensure that school buildings meet minimum adequacy standards, good asset management planning is vital. Districts must make a concerted effort to link their building renewal plans and available state and district resources to ensure that public resources are being spent wisely on priority issues that maintain the adequacy of school facilities.

Attached are instructions to aid school districts in using the newly developed web based three-year building renewal planning program. Each school district is required to submit a building renewal plan by October 15 of each year to meet the reporting requirements of A.R.S. §15-2031(F) and to receive its building renewal fund allocation. The School Facilities Board is required to withhold building renewal monies until the district has complied with the reporting requirement.

I hope that you find working with this year's newly developed web based application is an easy and enjoyable experience. As this is the first year of the web based application we welcome constructive criticism in an effort to improve our products and services.

Sincerely,

John Arnold
Interim Director

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# **BACKGROUND**

# What statutes constitute the framework for the building renewal program?

Arizona Revised Statutes, Chapter 16 – School Capital Finance, Article 4 – Building Renewal provides the legal framework for the use and associated reporting requirements for building renewal funds. The following statutes or provisions of statutes provide the framework for a school district's planning and use of building renewal funds.

# A.R.S. § 15-2002—Powers and duties; executive director, staffing, report

#### Subsection K

By October 1, 2002, each school district shall develop routine preventative maintenance guidelines for its facilities. The guidelines shall be submitted to the school facilities board for review and approval by February 1, 2003. If upon inspection by the school facilities board it is determined that a school district facility was inadequately maintained pursuant to the school district's routine preventative maintenance guidelines, the school district shall use building renewal monies pursuant to A.R.S. § 15-2031, Subsection J to return the building to compliance with the school district's routine preventative maintenance guidelines. Once the district is in compliance, it no longer is required to use building renewal monies for preventative maintenance.

# A.R.S. § 15-2031—Building renewal fund; definition

#### Subsection B

The school facilities board shall inventory and inspect all school buildings in the state in order to develop a database to administer the building renewal formula. The database shall include the student capacity of the building as determined by the school facilities board. The board shall distribute monies from the building renewal fund to school districts in an amount computed pursuant to subsection G of this section. A school district that receives monies from the building renewal fund shall use the monies primarily for any buildings in the database developed or created under subsection D of this section and secondly for any other buildings owned by the school district for any of the following:

- 1. Major renovations and repairs of a building.
- 2. Upgrading systems and areas that will maintain or extend the useful life of a building.
- 3. Infrastructure costs.
- 4. Relocation and placement of portable and modular buildings.

#### Subsection C

Monies received from the building renewal fund shall not be used for any of the following purposes:

- 1. New construction.
- 2. Remodeling interior space for aesthetic or preferential reasons.
- 3. Exterior beautification.
- 4. Demolition.
- 5. The purchase of soft capital items pursuant to A.R.S. § 15-962, subsection D.
- 6. Routine maintenance except as provided in A.R.S. § 15-2002, subsection K and subsection J of this section.

#### Subsection F

School districts that receive monies from the building renewal fund shall establish a district building renewal fund and shall use the monies in the district building renewal fund only for the purposes prescribed in subsection B of this section. Ending cash balances in a school district's building renewal fund may be used in following fiscal years for building renewal pursuant to subsection B of this section. By October 15 of each year, each school district shall report to the school facilities board the projects funded at each school in the previous fiscal year with monies from the district building renewal fund, an accounting of the monies remaining in the district building renewal fund at the end of the previous fiscal year and a comprehensive Three-Year plan that details the proposed use of building renewal monies. If a school district fails to submit the report by October 15, the school facilities board shall withhold building renewal monies from the school district until the school facilities board determines that the school district has complied with the reporting requirement. When the school facilities board determines that the school district has complied with the reporting requirement, the school facilities board shall restore the full amount of withheld building renewal monies to the school district.

#### Subsection H

If the school facilities board determines that a school district has spent monies from the building renewal fund for purposes other than those prescribed in subsection B of this section, the school facilities board shall notify the superintendent of public instruction. Notwithstanding any other law, the superintendent of public instruction shall withhold a corresponding amount from the monies that would otherwise be due the school district under the capital outlay revenue limit until these monies are repaid.

#### Subsection J

Notwithstanding subsections B and C of this section, a school district may use eight (8%) percent of the building renewal amount computed pursuant to subsection G of this section for routine preventative maintenance. The board, after consultation with maintenance specialist in school districts, shall provide examples of recommended services that are routine preventative maintenance.

#### Subsection K

A school district that uses building renewal monies for routine preventative maintenance shall use the building renewal monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings.

#### Subsection L

"Routine preventative maintenance" means services that are performed on a regular schedule at intervals ranging from four times a year to once every three years and that are intended to extend the useful life of the a building system and reduce the need for major repairs.

## THREE-YEAR BUILDING RENEWAL PLAN

# What is the purpose of the building renewal plan?

The purpose of the Three-Year Building Renewal Plan is to comply with State statutes by projecting the school district's major maintenance projects over a three-year period, describing the scope of each project for each year estimating the construction, design, and contingency costs and scheduling which fiscal year the construction cost is planned.

Every major building component of a facility has an expected "useful life cycle." An example is that most roofs if properly maintained should last approximately twenty (20) years. If a school building was constructed in 1988 and the normal life cycle for the roof is twenty years, it will probably be necessary to re-roof the building sometime around 2008. It is important to understand that "useful life cycles" are not necessarily an exact period of time. A "twenty year warranty" roof may last 20-30 years if properly maintained. Conversely, a "twenty year warranty" roof may last only 10-15 years if not properly maintained. Useful life is not an exact period of time and is best used as a guideline.

# What is the process to develop the three-year building renewal plan?

**Step 1:** The school district may begin by assessing the useful life cycle of each major component within the first seven major preventative maintenance categories. List the date of either the original construction/installation or the date of the last major renovation/replacement. Next list the estimated date for the conclusion of the life cycle.

Each category is broken down into a number of major components.

# **Major Preventative Maintenance Categories and Respective Components**

	1. HVAC	7	2. Roofing		3. Electrical		4. Plumbing
	Components	_					
H1	Boilers	R1	Drainage	E1	Dimmer System	P1	Water Heater
H2	Chillers	R2	Flashing/Roof Jacks	E2	Emergency Genarator	P2	Backflow Preventer
Н3	Cooling Towers	R3	Flat Roof System	E3	Lighting	P3	Disposal/Lift Systems
H4	Fan Coils/Fans	R4	General Roof System	E4	Magnetic Starters	P4	Domestic Water
H5	Heat Pumps	R5	Penetrations	E5	Switch Gear/Disconnect	P5	Fixture/Valves
Н6	Heating Systems	R6	Tile/Wood/Shingle	E6	Switches/Recepticles	P6	Gas System
Н7	Package Refrigeration			E7	Transformers	P7	Septic System
	5. Surfaces		6. Special Systems		7. Special Equipment		8. General Renovation
<b>S</b> 1	Block/Brick/Concrete	SS1	Intrusion Alarm	SE1	Bleacher Seating		Major renovation
S2	Carpet	SS2	Emergency Lighting	SE2	Doors & Windows		includes multi
<b>S</b> 3	Ceiling Tile	SS3	Energy Management	SE3	Elevators/Lifts		categories
<b>S</b> 4	Ceramic Tile	SS4	Fire Alarm System	SE4	Kilns/Foundry		
S5	Drywall/Wall Coverings	SS5	Intercom/PA System	SE5	Kitchen Equipment		
	j						
S6	Asphalt	SS6	Network System	SE6	Lockers		
S6 S7	•	SS6 SS7	•	SE6 SE7	Lockers Stage Rigging		

- **Step 2:** Identify what major components are expected to reach the end of their respective useful life cycle for the next three-year period.
- **Step 3**: Determine the scope of the anticipated work that will be necessary when a "useful life cycle" appears to be ending, and the estimated costs to repair, renovate or replace the component. In determining the project scope, quantify the items to be repaired, renovated or replaced. Then determine the unit cost to repair, renovate or replace the items. The Three-Year Building Renewal Plan is updated annually by the District. Most Districts completed a Five Year Building Plan for FY 2005. School Districts should evaluate their FY 2005 Building Renewal Plan prior to preparing their FY 2007-FY 2009 Building Renewal Plan.
- **Step 4:** Schedule the building renewal projects by fiscal year in accordance with the funding available for each fiscal year. This can include other District fund sources as well. A separate area on the Project Detail Form is provided for projects planned with other than state appropriated building renewal funds. Reporting on these projects is totally at the discretion of the School District and is not required by School Facilities Board.

**Step 5:** Enter plan into the web-based Building Renewal program and submit to the School Facilities Board no later than October 15, 2006.

# How do I use the new web-based Building Renewal program?

# **Getting started**

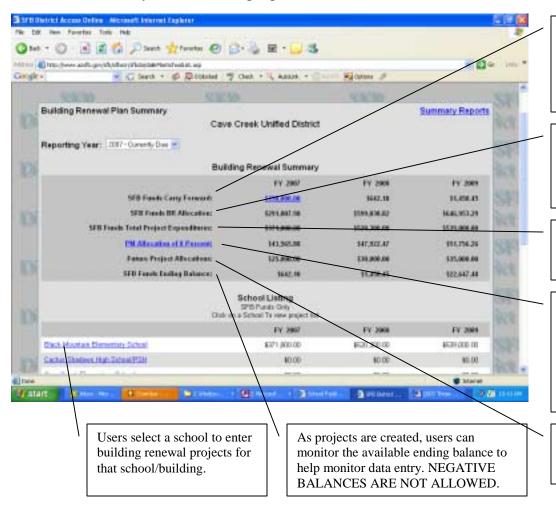
To access the building renewal program, users must go to the School Facilities Board website at <a href="http://www.azsfb.gov/BuildingRenewalPlan.asp">http://www.azsfb.gov/BuildingRenewalPlan.asp</a> . Users will then select their district and go to the "BR Plan Submission" link along the top. Users can then begin to enter a three-year building renewal plan.

#### Overview

The Three-Year Building Renewal Plan consists of planned renovation projects, listed by school, by building, by category, by fiscal year, and by funding type—district funded and/or School Facilities Board funded. The School Facilities Board has developed a webenabled application that replaces the Excel spreadsheets from prior year submittals. All districts are required to use the web-enabled application. The School Facilities Board staff believes that this newly automated tool will provide districts greater ease and convenience in preparing and submitting the plan to the School Facilities Board. The database is divided into three main areas: 1) Building Renewal Plan Summary 2) Project Detail Summary and 3) Project Detail Form.

# **Building Renewal Plan Summary**

The Building Renewal Plan Summary is intended to summarize the three-year plan for the entire district. It displays the SFB building renewal budget, project expenditures, preventative maintenance allocation, future project savings, and carry forward balance to the next fiscal year. Additionally, the summary includes an ending balance budget field that will allow users to check on what is available to be allocated as the plan is in development. The Building Renewal Plan Summary also has a school listing so users can select what school for which they want to develop a plan.



Enter any unobligated carry forward balance for past fiscal years building renewal. The carry forward in out years is the building renewal budget less the project expenditures, preventative maintenance allocation, and future project allocation.

The FY 2007 Building Renewal Budget is preloaded for each district according to the money appropriated by the Arizona State Legislature. The FY 2008 and FY 2009 budgets are based upon the statutory building renewal formula.

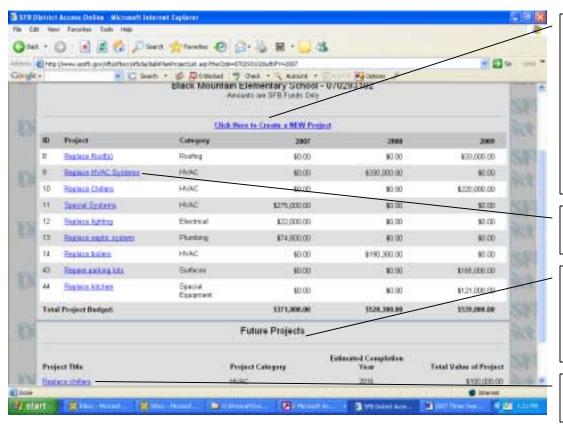
Total Project Expenditures is a summary of all SFB Funds for all the schools and all projects within each school.

A.R.S.§15-2031 Subsection J allows a school district to use 8% of the building renewal amount for routine preventative maintenance. Districts should select this link to enter the amount it plans to use for preventive maintenance for each of the three fiscal years. The cannot be greater than 8% of the respective fiscal year building renewal formula.

Future project allocations represent the amount of money a district is saving for projects outside the FY 2007 to FY 2009 three-year building renewal window.

# **Project Detail Summary**

The Project Detail Summary Form displays the project, category, and funds for each fiscal year that relate to the selected school. Each project has an identification number, which is intended to be an automated assigned unique numeric identifier for each project. In addition, this form delineates the future projects planned for the school by project title, category, estimated completion year, and SFB funds saved toward the future project.



Click here to create a new project, including future projects that will likely be completed outside the three-year planning window.

Helpful Hint: There is one project per fiscal year. A single project cannot contain multi-year expenditures. If a project requires funding in more than one year, please use the same project title followed by the fiscal year or implementation phase. For example, roof replacement—Phase II.

To edit an existing project that has already been saved, click on the project.

Future Projects are summarized by project title, project category, estimated completion year, and the total value of the project. The total value of the project is the summation of all years where money is saved for future use—up to 20 years.

To edit an existing future project that has already been saved, click on the project title.

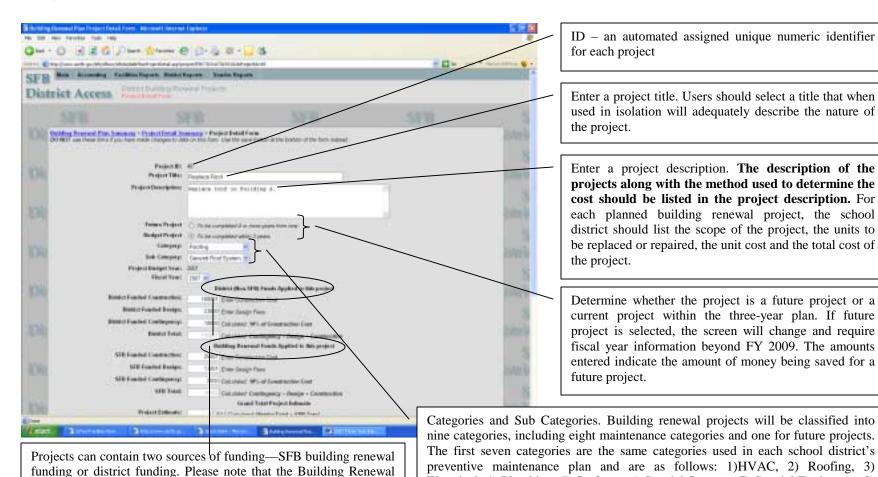
# **Project Detail Form**

Summary and Project Detail Summary pages only reflect the SFB

funding. However, reports will be designed for districts to delineate

the district contribution to the project as well.

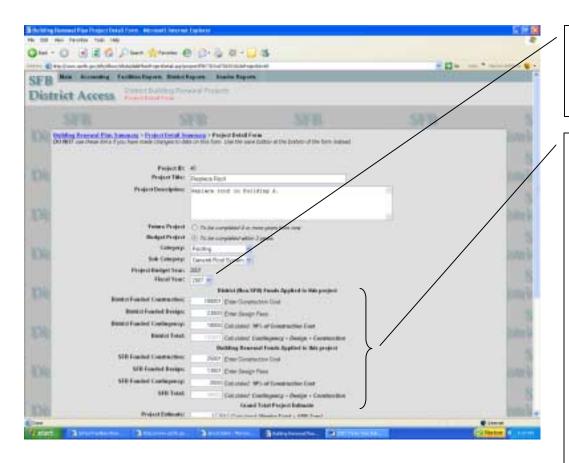
The Project Detail Form is the heart of the automated system and where the primary data input is involved. Users will be spending the majority of their efforts in this part of the application. A planned building renewal project is a construction project (except preventive maintenance) that is in conformance with A.R.S. § 15-2031, subsection B. The project will typically address major renovations, repairs, and or replacement of building system components that will maintain or extend the useful life of the building. The school district shall provide a cost estimate for each building renewal project planned for each year of the three-year plan – FY 2007, FY 2008, and FY 2009.



Electrical, 4) Plumbing, 5) Surfaces, 6) Special Systems, 7) Special Equipment, 8)

General Renovation and 9) Future Projects (building renewal funding saved for

future expenses). Each category has sub categories that need to be associated.



Fiscal Year – The Three-Year Building Renewal Plan is divided into three consecutive fiscal years for planning purposes. A fiscal year shall be defined as the period beginning on July 1 of each year and running until June 30 of the next year.

Always round your total project estimate to the nearest \$100.

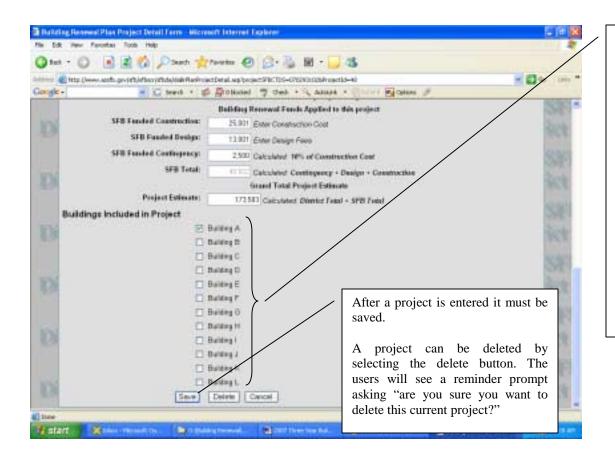
Funding is broken out into two parts 1) District funds, which are not provided by the School Facilities Board and 2) Building renewal funds. For FY 2007, the building renewal funds are the amount appropriated by the state legislature. For FY 2008 and FY 2009, they are the amount generated by the statutory building renewal formula.

The funding is required to be divided into construction and design. If districts have testing and permitting fees they should be accounted for in the construction cost field.

A contingency amount of 10% will automatically be calculated off of the funding entered for construction costs. The contingency factor is set up to cover cost overruns on planned projects and unforeseen emergency projects if required. If a district is not required to use contingency funds for a planned or emergency project during the fiscal year, the district may elect to carry these funds forward to the next year or advance a planned building renewal project from the either FY 2008 or FY 2009.

A district total and SFB total will also automatically be calculated as well as a grand total project estimate.

Helpful Hint: Please note that only SFB dollars will post to the Project Detail Summary and Building Renewal Summary portions of the web application. Additional reports will be written so districts can print project information that includes district funding contributions.



Each building, for each school, for each school district is listed in the School Facilities Board Building Inventory. Once a school is selected on the Building Renewal Summary Form, and a project is created or selected on the Project Detail Summary Form, the buildings associated with each school are displayed. Each project should detail which building(s) will be impacted.

Users can select more than one building. If a planned building renewal project has multiple school sites, a project should be created that reflect the proportional project amount for each school site.

# How do I print a copy of my building renewal plan once I have entered it into the web application?

The system currently has limited reporting capabilities as part its application. The School Facilities Board intends to design some additional reports after the release of the instructions and web enabled application. Districts will submit their plan electronically to the School Facilities Board. However, reports were created so districts can print paper copies of their plans for their files or to share with other facilities staff, superintendents or school board members. Each school district should utilize the reports to review and approve their submittal prior to its electronic transmission to the School Facilities Board no later than *October 15, 2006*.

# How do I submit my plan to the School Facilities Board?

The building renewal plan is due to the School Facilities Board by **October 15, 2006**. Please note that once the plan is electronically submitted, the district can no longer make changes to the plan. As such please review the plan carefully and get the proper approvals before transmitting the information to the School Facilities Board.

The School Facilities Board disperses building renewal money in two installments – November 2006 and May 2007. If a school district fails to submit the report by October 15, the school facilities board is required by law to withhold building renewal monies from the school district until the School Facilities Board determines that the school district has complied with the reporting requirement.

# Who do I call if I need help?

If you have questions, you may contact your School Facilities Board Liaison listed below.

Dean Gray	(602) 542-6143
Mike Barfield	(602) 364-0859
Gerry Breuer	(602) 542-6139
Sameer Pandy	(602) 364-1193
Donna Wildey	(602) 542-6667